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Meeting of Governmental Experts of Island
Developing Countries and Donor Countries
and Organizations
New York, 25 June 1990

REPORT OF THE MEETING OF GOVERNMENTAL EXPERTS OF ISLAND DEVELOPING COUNTRIES AND DONOR COUNTRIES AND ORGANIZATIONS

Held at United Nations Headquarters, New York,
from 25 to 29 June 1990

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INTRODUCTION

1. The Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations was held at United Nations Headquarters in New York from 25 to 29 June 1990. The Meeting was convened pursuant to General Assembly resolution 43/189 of 20 December 1988, in which the Secretary-General was requested to convene such meeting to review the problems of island developing countries and propose appropriate concrete action with respect to those countries.

2. In the course of its session, the Meeting held seven plenary meetings. The present report gives a brief account of the proceedings of those meetings and the outcome of the work accomplished under agenda items 3 and 4.

READEX

Chapter I

REVIEW OF THE PROBLEMS OF ISLAND DEVELOPING COUNTRIES

(Agenda item 3)

PROPOSALS FOR APPROPRIATE CONCRETE ACTION WITH RESPECT TO ISLAND DEVELOPING COUNTRIES

(Agenda item 4)

3. For its consideration of agenda items 3 and 4, the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations had before it the following documentation:

"Problems of island developing countries and proposals for concrete action: issues for consideration", note by the UNCTAD secretariat (TD/B/AC.46/2);

"Contributions of international and intergovernmental organizations (TD/B/AC.46/3 and Addenda 1-3)".

In addition, the following background documents were made available to the Meeting:

"Intrinsic disabilities of island developing countries", prepared by UNCTAD consultant Mr. Lloyd Searwar (UNCTAD/RDP/LDC/31);

"The problems of inter-island transport", prepared by UNCTAD consultant Mr. A.D. Couper (UNCTAD/RDP/LDC/32 and Corr.1);

"Improving public sector performance in island developing countries through modern information technology", prepared by UNCTAD consultant Mr. Mogens Romer (UNCTAD/RDP/LDC/33).

A. Statement by the Chairperson

4. Noting that this was the first occasion upon which experts from island developing countries (IDCs), donors and relevant organizations had joined to strengthen their partnership, the Chairperson urged participants to fully reflect their perspectives in order that a constructive, pragmatic and concrete outcome might result. She commented that while the problems of IDCs were not unique, they were a marked identifying factor and that other hazards, particularly the potential impact of environmental change, could threaten the survival of some island nations. The meeting would allow IDCs to identify and prioritize their ODA requirements in a manner that would help donor countries and organizations to take account of those needs in the most practical way in their ODA programmes and to alleviate bottle-necks that characterize IDCs' circumstances.

B. Statement by the representative of UNCTAD

5. In his introductory statement the Chief, Special Programme for Least Developed, Land-locked and Island Developing Countries said that UNCTAD had played a pioneering role in mobilizing international support in favour of IDCs. He pointed out that since 1972 several resolutions had been adopted in the General Assembly, UNCTAD and other international forums which had reiterated the particular difficulties which IDCs encountered in their development efforts. He underlined that although many of the difficulties faced by those countries were not exclusive to islands, it could be argued persuasively that many of them were more pronounced in their impact on IDCs, particularly the small ones, some of which were also least developed. He noted that a number of common problems peculiar to IDCs and particularly to the small ones included small size of the economy, geological characteristics, geographical location, fragility of ecosystems, vulnerability to natural disasters, weak indigenous technological capacity, migration, and low bargaining capability.

6. In reference to some of the critical problems facing IDCs, he made the following observations. He said that poor resources endowment was one of the main handicaps of the IDCs, particularly with respect to the small and archipelagic IDCs, where the lack of fresh water supplies, mineral and energy resources seriously threatened their economic viability. He further said that several IDCs had also not been able to exploit the potential provided by their vast exclusive economic zones acquired under the Convention on the Law of the Sea because of lack of local finance. He noted that in small and remote IDCs there was a high occurrence of natural disasters, which in many cases had had devastating effects on their economies. With respect to environmental problems, he said that global warming, climate change and sea-level rise continued to threaten the mere survival of some island and coastal States. He also noted that transport and communication facilities particularly in very small, more remote and archipelagic IDCs were very inadequate. He furthermore underlined the acute scarcity of skilled manpower and institutional weaknesses in many of the IDCs.

7. With respect to the measures required to alleviate the problems which IDCs faced, he noted that such assistance should take into account the special characteristics of IDCs, in particular the small, remote and archipelagic ones, and that the terms and conditions of aid should be flexible and the assistance procedures should be simplified. He also underlined the role which regional co-operation arrangements could play in resolving some of the problems in IDCs.

C. Statements by countries

8. The representative of Saint Lucia pointed out that the important gains made in the development process over the past 10-20 years in the IDCs should not be construed as evidence of the lack of a necessity to give IDCs particular consideration in the granting of economic and technical assistance. He noted that those gains should be seen in the context of the maxim that one should help those who help themselves. He said that in spite of those gains, the IDCs continued to face very serious development constraints. He regretted the graduation of small IDCs from the World Bank's

soft window or into net contributor status within the UNDP programme based solely on per capita income. On the other hand he praised the UNDP policy which allowed small IDCs to become net contributors only at per capita incomes which were considerably higher than those for developing countries in general. He pointed out that the IDCs, especially the small ones, because of their small national budgets and disproportionately high administrative costs often could afford the high quality of administrators that they required. Furthermore he referred to the higher transport and communication cost which small IDCs incurred and to the overall higher cost of most consumer goods because of the heavy dependence on imports. He also referred to the absence of low-cost housing and frequent natural disasters which often wiped out as much as 90 per cent of GNP in many small IDCs. He also mentioned the danger of earthquakes and volcanic eruptions. With respect to the support by the international community, he noted that although organizations such as UNDP and the World Bank had made special concessions to small IDCs, what had been lacking was an internationally endorsed action programme or specific recommendations which outlined particular areas on which the donor community could focus their efforts to assist the IDCs. In that connection, he said that the Meeting must prepare a final document containing such a recommendation to be submitted to the General Assembly and where necessary to the respective governing bodies of donor organizations for adoption and follow-up action.

9. The representative of Japan said that his country gave special consideration to least developed countries in the implementation of the official development assistance and endeavoured to respond to requests for aid from as many countries as possible, including the IDCs. He noted, however, that Japan did not subscribe to the idea of giving special consideration to IDCs merely because they were IDCs. He pointed out that developing countries should make every effort to fully utilize development assistance from donor countries and that international support measures should be complementary to such efforts. In that connection, he emphasized that such measures should be determined on a case-by-case basis, taking into account the specific situation of each recipient country. In reference to Japan's assistance to the Pacific island countries, he pointed out that in fiscal year 1988, $93 million had been provided to those countries and that the Japanese Government had been contributing to the UNDP special fund for Pacific Island States, subscribing $2 million. In reference to the note by the UNCTAD secretariat, TD/B/AC.46/2, he noted with appreciation the analysis made of the handicaps to development including human resource constraint and institutional weaknesses of IDCs. He noted, however, that it was not useful or realistic to treat those countries as a whole because of their diversity. He also noted that more attention should be given to the positive aspects of the situation of the IDCs. Furthermore, he said that the document should have paid more attention to demographic issues and the impact of the population growth in some IDCs. He also welcomed the attention given to environmental issues and natural disasters. In concluding, he emphasized the need for co-operative efforts by the developing countries themselves and the donors.

10. The representative of the ECLAC, outlining the work of the Caribbean Development and Co-operation Committee (CDCC), an advisory body of the Economic Commission for Latin America and the Caribbean (ECLAC), said that CDCC had convened a preparatory meeting earlier in the year in Saint Lucia to

co-ordinate the proposals and positions of member countries for presentation at the present Meeting. He emphasized that ECLAC/CDCC's programme of assistance to small IDCs was particularly active in statistics, demography and information networking and science and technology as those were the salient building blocks on which other aspects of development strategy could be improved. He went on to say, that the CDCC promoted the concept of technical co-operation among developing countries and employed that modality in its programming. He further called on the international community to continue rendering assistance with particular attention to the special needs of the small territories as they moved towards economic and political independence. In concluding, the CDCC representative said that he hoped that in the future increased contact between the two regional commissions, ECLAC and the Economic and Social Commission for Asia and the Pacific (ESCAP), could assist in meeting the challenge of sustainable development within an island environment.

11. The representative of the International Labour Organisation (ILO), noted with satisfaction that the documentation prepared by the UNCTAD secretariat contained a number of concrete proposals for action. He was particularly pleased to see that the chapter on human resource development included many interesting issues for ILO as they complemented ILO's own programme in IDCs. He mentioned that ILO focused on programmes and training geared to overcome unemployment or to strengthen existing institutions. He further suggested that more programmes be carried out through regional training centres as they would be more cost-effective. He said that the phenomenon of migration needed further assessment to better understand all the variables of labour movement in IDCs.

12. The representative of Antigua and Barbuda said that the primary objective of the IDCs was to secure a status within the United Nations system that enabled the fragile sovereignty gained as a consequence of General Assembly resolution 1514 (XV) to be safeguarded from erosion in times of economic distress and natural disasters. He emphasized that it was not the intention of IDCs to seek any unfair advantage over any other group of countries. He pointed out that there were five areas of special concern to his country, namely, human resources development, science and technology applications, environmental and conservation matters, external financial assistance, and vulnerability to drug trafficking and natural disasters. He noted that his country was very dependent on tourism but that there was a need to develop the supporting infrastructures and services. In that connection, he pointed out that 60 per cent of the country's GNP was generated by tourism. He said, however, that growth based on tourism and its measurement in terms of GNP as an economic indicator was misleading because it did not take into account the vulnerability of many IDCs. He said that last year a single hurricane had destroyed in 12 hours the 50 years it had taken for his Government to provide a functioning electricity-delivery system. The damage done to the economy exceeded the aggregate export earnings combined. He noted that the areas where development efforts should be focused included institutionalizing aid, financing public works projects, training, disaster prevention, access to markets, strengthening investment credits and agricultural services, research into crop and product diversification, development of agro-industrial activities and land management systems and development of science and technology.

13. The representative of Jamaica noted that because of the special circumstances of IDCs they had not frequently benefited from measures taken in favour of the developing world as a whole. He pointed out that in addition to the general problems faced by developing countries, IDCs suffered handicaps which resulted from an interplay of factors both intrinsic and acquired, which included those of smallness and remoteness, poor resource endowment, environmental fragility, vulnerability to disasters, migration and human resource scarcity, inadequate transport and social structure and vulnerability of the external sector. Referring in particular to the problems that IDCs had faced in recent years, he noted that the heavy dependence of IDCs on exports had made them vulnerable to continued fluctuations of commodity prices for their exports. He furthermore said that their efforts at diversification were limited by their constraints of small size, limited human resources and diseconomies of scale which placed them at a competitive disadvantage in external markets. He pointed out that the IDCs required increased assistance in such areas as technological adaptation, improved market access, marketing and financing management, export credit and export financing as well as assistance in alleviating the external debt burden, confronting environmental problems and their effects and mitigating proneness to natural disasters. He pointed out that external support to assist with human resource development would be particularly helpful and valuable. He further emphasized the need for support by the international community in the efforts to promote regional co-operation arrangements. He appealed to UNDP to give special consideration to the special circumstances of the IDCs in determining the criteria for allocation of resources.

14. The representative of Fiji noted that there was a need for donor agencies to improve the co-ordination of their work in the IDCs in order to avoid the strains put on Governments' human resources through too many disjointed visits. He emphasized the importance of marine resources and expressed concern about the current problems of global warming, the dumping of toxic waste in some of the IDCs, and of environmental pollution from nuclear testing. He therefore called for assistance by the international community in that respect. He commended the initiatives that had been undertaken by UNDP with regard to the use of appropriate criteria in the calculation of IPFs of IDCs, the use of special programme resources, access to the Special Measures Fund for LDCs and expanded inter-country programmes focusing on IDCs. He hoped that those measures would be continued in the fifth programming cycle.

15. The representative of New Zealand said that his country well understood the situation of IDCs, especially those in the Pacific island region where roughly 70 per cent of New Zealand's ODA flowed. He said that although New Zealand recognized that the circumstances of the IDCs were also experienced by other developing countries, the combination of development constraints they experienced did warrant special attention. He added, however, that there was considerable diversity among IDCs and that account needed to be taken of the mix of circumstances applying to each IDC. With respect to the resolution of IDCs' problems, he noted that there must be an integrated strategy for development and that necessitated close liaison among donors and organizations and recipient IDCs. He further acknowledged that UNCTAD could play a positive role in that process provided its efforts were directed through or in conjunction with other organizations already operating in regions where IDCs were located. In that respect he referred to the

South Pacific Forum, the South Pacific Commission and also UNDP and its associate organizations as well as the World Bank. He pointed out that in pursuing an integrated development strategy, there was a need to preserve and protect the environment and to apply appropriate technologies. With regard to the proposals for concrete action, he said that human resource development, taking particular note of women's needs was a first priority. The provision of viable and effective transportation services, favourable trading conditions, a positive investment climate, retention of skilled manpower, and promotion of regional co-operation were other important considerations. In concluding, he said the Meeting had an opportunity to set a new tone for discussion of IDC questions and in that context there was a need to identify not only the constraints confronting IDCs, but also to acknowledge IDCs' own development efforts and to recognize that some IDCs enjoyed a comparative advantage in some areas.

16. The representative of Vanuatu noted that although the IDCs are generally known as physically beautiful by most people, they do need special attention by the international community because of their geographical remoteness and high vulnerability to natural disasters. By emphasizing the role which the international community should play in assisting the IDCs, he did not want to create the impression that that should be done at the expense of any other developing countries. Referring to the special circumstances of his country, he said that the literacy rate at the time of independence was only 13 per cent. He said that the literacy rate was a minimal indication of ability to cope with the increasing complex administrative and technological responsibilities that must be undertaken. For that reason, the Government of Vanuatu was regarding human resource development as a major priority. He also emphasized the need for diversification, the inclusion of national disaster preparedness in the national plans, coastal zone management, land and sea resource management, strengthening the decision-making capability within government administration, broadening the statistical data base required for streamlining the institutional infrastructure, the development of transport and physical infrastructure, the exploitation of marine resources, environment management, promotion of regional co-operative arrangements and improved access to markets.

17. The representative of Maldives, referring to the particular difficulties which his country faced as an IDC, noted that inter-island transport and communications, limited land and water resources, environment, lack of skilled manpower and migration from the atolls to the capital constituted serious constraints. Furthermore, he emphasized that because of the very fragile nature of the country's coral island ecosystem, there was an urgent need for improving the capacity for assessing the environmental impact of all developmental activities. He also stressed the need for a comprehensive and integrated approach to development as it was the only viable strategy to ensure the viable and sustainable development of IDCs.

18. The representative of Trinidad and Tobago noted that the Meeting was taking place soon after the eighteenth special session of the General Assembly, which was devoted to international economic co-operation, in particular to the revitalization of economic growth of developing countries. He said that the international community indicated its commitment to address the special development problems and needs of IDCs. He therefore hoped that

the Meeting would recommend concrete measures for the short-, medium- and long-term in accordance with broad policy statments of that special session. In reference to GNP as a measure for the pace of development and growth, he noted that although that was a useful economic indicator, it said little about the distribution of costs and benefits of economic performance. There was, therefore, a need for complementing that concept with other criteria which were more embracing and multi-dimensional and which reflected a true picture of development. He said that in that connection although some IDCs might be middle-income in conventional terms, they face a relatively high per capita expenditure in health, education, housing, social welfare, and basic infrastructure. He added that because of their limited resource base, obstacles to trade are particularly harmful to IDCs and access to markets and an increased flow of financial resources, including on concessional terms, are crucial for their development. He also called for IDCs and development partners to meet biannually to review progress in implementing specific action proposed while UNCTAD, or the focal point, should take into account certain specific areas in its work programme.

19. The representative of the Philippines said that the problems facing the IDCs, which by no means were limited to that category, related to such areas as transport and communications, environmental fragility, limited industrialization, heavy reliance on imports, dependence on foreign capital and outflow of human resources. In reference to the particular problems facing the Philippines, he said that natural disasters and floods, which devastated agricultural crops and destroyed infrastructure, had had severe adverse effects on the economy. In that connection, he paid a tribute to the assistance provided by the Office of the United Nations Disaster Relief Co-ordinator (UNDRO). He further noted that it is difficult and expensive to maintain an updated statistical data base needed for development planning because of the archipelagic nature of the country and also that poor transport and communications posed a serious problem. He said that assistance in that area and others, such as environmental protection, human resource development, technology, access to foreign markets, was urgently required.

20. The representative of France noted that the convening of that particular meeting in New York, instead of Geneva, was exceptional and should not set a precedent for the future. With respect to the problems facing IDCs, she said that it was important to note that there was a wide diversity among the IDCs, but that a number of them belonged to the category of the least developed countries (LDCs). She added that the IDCs which were also LDCs enjoyed like all LDCs, special treatment in various areas, such as trade through GSP. She further said that the IDCs also had special treatment in accordance with the relevant provisions of the Lomé IV Convention. She emphasized that those efforts which were being undertaken at the multilateral and bilateral level should be taken into account in discussing the measures in favour of the IDCs.

21. The representative of Bahrain emphasized the need for international measures to alleviate the particular problems which IDCs faced. He pointed out that it was necessary to have a biannual review of the problems of IDCs within UNCTAD in order to improve the co-ordination of assistance to those countries and to monitor the progress of implementation of measures taken in favour of those countries. He said that international assistance to the IDCs

was critical for the restructuring of their economies, which was required for ensuring sustainable economic growth. In reference to the problems being faced by Bahrain, he said that the sharp decline in oil prices had led to economic recession resulting in balance of payments and budgetary shortfalls. That adverse impact on the economy was accentuated by the limited land size, lack of fresh water, small market size, limited skilled labour, proneness to disaster, ecological problems and narrow exclusive economic zone. He said that external factors such as protectionist measures and high interest rates in the developed countries had also exacerbated the situation. He appealed to the international community to provide greater support to the IDCs in overcoming those problems and in that connection he urged UNDP to increase the IPF for the IDCs and not put them in the category of net contributors. He also noted that GNP should not be the only criterion for measuring the economic performance of IDCs.

22. The representative of Nauru said that his country was one of the smallest independent islands with extremely limited resources (phosphate) which would be exhausted by 1995. Although the mining industry had brought benefits, it had contributed to environmental degradation and climatic change. He added that his country's future was seriously endangered unless new mechanisms were found to generate continued economic viability. The full financial support and expertise of the international community would be needed to rehabilitate that environment. International institutions could assist with technical assistance programmes as a preliminary to access to low cost borrowings. He also had some misgivings about the appropriateness of GNP as a measure of economic performance of the IDCs because it did not take into account other factors related to the quality of life. He hoped that the Meeting would come up with concrete recommendations to be followed up at the international, regional and national levels.

23. The representative of Papua New Guinea was pleased to note that the various United Nations and other international agencies were beginning to recognize the unique problems of IDCs. That understanding needed to be complemented with practical support to raise living standards and create an acceptable economic sphere. He mentioned that Governments in the South Pacific, had taken important steps to assist the development of small island countries and had produced declarations on environmental and economic issues. Governments in the region were greatly concerned with ongoing activities relating to nuclear testing and dumping of toxic and non-toxic waste. He called on the Governments which have not yet done so to sign the nuclear-free zone treaty in the South Pacific. He also called on the international community to support Pacific countries in their efforts to stop such illegal practices as drift-net fishing. He thanked the international community for its support and hoped that the good will expressed by some regional donors would continue as long as there was a need for assistance.

24. The representative of Tuvalu said that after Nauru, his country was the smallest independent State. He pointed out that Tuvalu faced serious problems related not only to smallness but also to isolation and resource scarcity. Further he said that there was considerable concern about the effects of soil erosion and rapid population growth. He pointed out that the only resource available was marine-based, and the exploitation of their vast exclusive economic zone was highly capital intensive and needed substantial external

financial and technical assistance. The only financial base now available for development was the Tuvalu Trust Fund, which needed to be replenished significantly by donors in order to make adequate resources available to promote various economic and social activities.

25. The representative of the Union of Soviet Socialist Republics stated that his country regards with understanding specific problems of the IDCs and has been participating in the efforts of the international community aimed at creating favourable conditions for sustainable development of these countries. Special attention should be given to development of human resources, communications, services etc. with due regard to environmental issues. Strengthened regional co-operation could facilitate development of IDCs. He pointed out that regional and international co-operation in exploration and exploitation of the IDCs' Exclusive Economic Zones had significant potential for their development. He concluded that a spirit of global consensus would be needed to address successfully all the issues of IDCs' development.

26. The representative of Malta said that his country had been actively involved in the draft text adopted as General Assembly resolution 43/189, entitled "Specific measures in favour of island developing countries". Island developing countries suffered from a number of handicaps arising from the interplay of, inter alia, factors such as smallness, remoteness, geographical dispersion, vulnerability to natural disasters, heavy dependence on imports and a small number of commodities, migration, particularly of persons with high-level skills, and shortage of administrative personnel. He further stated that the UNCTAD secretariat had done useful work and was rendering IDCs an important service but that in the future UNCTAD deserved more human and financial resources to address the problems and needs of IDCs effectively. He proposed that, as a first step, a unit be set up within the UNCTAD secretariat to be the focal point for specific action at the global level in favour of IDCs and to act as a catalyst in that regard as called upon by resolution 43/189. Apart from organizing and facilitating the cross-regional interchange of information and experience in full co-operation with regional organizations, that unit of UNCTAD could embark on a study of the problem of definition of IDCs. UNCTAD could on its own or with the assistance of an ad hoc sub-committee or working group, collate the academic and other studies published so far on the subject. He also mentioned that UNDP had recently come out with a Human Development Index which was already a step in the right direction. He wished to propose that in the case of IDCs a composite index be constructed to represent "vulnerability" in its multi-faceted form. Another useful exercise would be for UNCTAD to compile and to disseminate on a regular basis a list of projects, programmes, conferences and other activities being organized by various international and intergovernmental organizations for IDCs. He also referred to the question of transfer of technology and said that IDCs could be instrumental in bridging the gap between donors and recipients for technology adaptation. In concluding, he stated that he was pleased to learn from highly industrialized nations that the resources needed to assist Eastern European countries would not reduce resources made available to developing countries and would like to see such donors use their creativity and resourcefulness to assist IDCs as well. He hoped that rendering IDCs a little more viable and a little less vulnerable could make this interdependent world a better place for both developed and developing countries alike.

27. The representative of Samoa stated that South Pacific IDCs shared problems common to most IDCs. Some of those problems were small populations; small, but dispersed, land masses with consequent difficulties in communication and transport; great isolation and distance from markets; and inadequate infrastructure and services. In addition, the constant possibility of ravage from natural disasters called for special measures to enable sustainable development. She mentioned that tropical storms such as cyclone "Ofa" could reverse decades of development efforts and could set back the entire country for many years. She said that in the South Pacific it had been recognized that problems could be better dealt with on a regional basis. Examples were the Forum Shipping Line, the Forum Fisheries Agencies, the South Pacific Bureau for Economic Co-operation (SPEC), the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA), and the South Pacific Regional Environment Programme (SPREP). She added that the documentation at the Meeting was comprehensive. However, more emphasis could have been given to human resources development. In concluding, she mentioned the importance of UNCTAD's leadership in arranging the meeting and appreciated the support of the donor community as that partnership was critical to the maximization of Samoa's economic potential.

28. The representative of Mauritius noted that despite the disclaimer in UNCTAD's document before the Meeting entitled "Issues for consideration", his Government wished to reiterate its claim over some of the islands in the Indian Ocean. He further pointed out that the IDCs should not put emphasis on expensive technologies. However, he emphasized the need for regional co-operation, particularly in the area of trade among the IDCs. He also underlined the need to establish a unit within the United Nations Secretariat to deal with the problems of IDCs in order to ensure better communications about the specific needs and problems of IDCs.

29. The representative of Bangladesh said that his country was deeply concerned and committed to the situation of IDCs, and that he was convinced that the present Meeting was of crucial importance to their cause. He noted that LDCs, of which nine were islands, felt a constant real threat of being marginalized in the world economy. He concluded by saying that IDCs with some special support measures could be mobilized to contribute significantly to the global economy.

D. Statements by United Nations bodies and intergovernmental organizations

30. The representative of the Commonwealth Secretariat noted that the issues concerning IDCs were of particular importance because more than half of the Commonwealth membership consisted of States of a population of around one million or less and that most of them were also IDCs. He referred to the report of the Commonwealth Consultative Group which was prepared in 1985 and which contributed to the analysis of the development problems of small States. He noted that the report underlined an important issue related to the eligibility criteria for international assistance based on per capita income. He said that in that connection the per capita income criterion did not take into account the fragile economic structure of small States and noted therefore that such a criterion should not be a basis for graduation from multilateral financial assistance to those countries. The Commonwealth

special programme of assistance had, on the basis of the recommendations of the Commonwealth Consultative Group, been reshaped to reflect the priorities of small States. Referring to that programme of assistance, he noted that the areas covered included macro-economic management, debt and financial management, trade negotiations, industrial development, management development and control of commercial crime. He added that as a result of the Consultative Group's report, the programme in support of small States had expanded and had set a benchmark for the Commonwealth programme on behalf of such countries during the 1990s.

31. The representative of the International Maritime Organization (IMO) noted that for many years the organization had devoted attention to the problem of IDCs in the area of maritime transport with particular focus on the promotion of maritime safety, and the prevention of maritime pollution from ships. He noted that IMO gave particular emphasis to the development of human resources. In that respect he referred to the World Maritime University in Malmö, Sweden, the IMO International Maritime Academy in Trieste, Italy, and the IMO International Maritime Law Institute in Valetta, Malta. Furthermore, he noted that IMO had a technical advisory service from which IDCs benefited.

32. The representative of the Caribbean Community Secretariat said that his organization was playing an important role in co-ordinating the efforts of its member States, most of which were IDCs to overcome their particular problems. He noted that the member States of the Community had played an active role in the deliberations leading to the approval in 1983 by the Assembly of the International Civil Aviation Organization (ICAO) of resolution A/24-12 through which ICAO accepted the concept of "Community of interest" thus permitting a developing State, particularly an IDC belonging to a regional group, to designate the airline of another State belonging to the grouping as its national carrier. Furthermore, he said that CARICOM had developed a "Programme of Action for Small IDCs" which was based on the deliberations of a working group established by CARICOM Foreign Ministers and which was published as a document of the United Nations General Assembly. He also pointed out that the Community together with its associate institutions such as the Caribbean Development Bank had assisted the IDCs in a number of areas including the following: functional co-operation in education, training, health and other fields; co-operation with respect to protection, management and exploitation of the exclusive economic zones of member States; the management and protection of the Caribbean environment; control of drug abuse and trafficking; tourism development; development financing and expanding intraregional and extraregional trade opportunities; and disaster planning, prevention and relief. He also expressed his concern about the inadequacy of the GNP as a yardstick for economic performance of the IDCs because it did not take into account other factors which related to the particular vulnerability and quality of life in IDCs; nor did the GNP criterion take into account the higher administrative and other unit costs which IDCs incurred.

33. The representative of the Department of International Economic and Social Affairs (DIESA) said that the remote and small IDCs faced particular problems related to high transport costs. Furthermore, those IDCs had to keep large inventories of required imports because of infrequent and irregular shipping services. He said that those IDCs also faced the problem of openness and that they were especially prone to external shocks such as demand and foreign

exchange shocks. He noted that some of the solutions to their problem was to promote joint ventures in the transport sector and to reorientate their trade towards regional markets. He added that one of the priorities in overcoming the development problems of IDCs should be to upgrade the technical capabilities of their cadres through expanded training programmes in the regional context. He emphasized the role of external assistance in that area. He noted that small island countries relied on exports for growth but that studies had shown that the retained value of their export earnings tended to be small because of the heavy involvement of TNCs in their export sector and the fact that their exports were very highly import-intensive. He also pointed out that for many of the small IDCs what seemed rather uncertain was graduating from first stage industries producing mainly consumer goods with simple technology characterized by low value added to factors of production and almost no linkages with the rest of the economy to second stage industries producing chiefly investment goods with complex technology associated with high value added; and more linkages and external economies.

34. The representative of the Department of Technical Co-operation for Development (DTCD) said that the department carried out a number of activities in the field of development planning and macro-economic management. At the request of Governments, and in co-operation with UNDP, assistance was provided to 11 Pacific island countries, inter alia, in the preparation of national development plans and round-table donor meetings. In addition, he said, DTCD in co-operation with the United Nations Centre for Regional Development (UNCRD) provided a range of services to IDCs, including training in regional development planning and disaster preparedness. He observed that many IDCs in the Pacific had medium-term plans and that they were now in a position to carry out project formulation and appraisal with its own staff. Planning by projects, however, tended to leave the capacity for sectoral and macro-economic strategy formulation and macro-economic framework design for overall co-ordination and consistency relatively weak. He mentioned that DTCD, as a result of the absence of macro-economic models specifically designed for IDCs, had taken the initiative to assist IDCs with work on macro-economic modelling for operational planning and training of planning staff. He concluded by saying that the department would further continue to provide technical co-operation to meet the needs of IDCs with a view to assisting in their efforts to generate self-sustaining growth and their integration into the world economy.

35. The representative of the Organization of American States (OAS), describing the main activities of OAS relating to IDCs, said special efforts were needed as IDCs showed many characteristics that produced vulnerability. Those characteristics included deficiencies of natural resources, restricted agricultural potential, limited domestic market size and high administrative costs per unit. Among the key areas of activities of the current programme of OAS, she mentioned employment, tourism, agricultural development, management, education and taxation. She said that OAS was fully familiar with the particular range of problems as over a third of the member States of OAS were island nations of the Caribbean. In the future, she added, OAS would work towards a programme that would stress aid effectiveness, innovative mechanisms and simplification and standardization of aid commitment procedures.

36. The representative of the United Nations Development Programme (UNDP) mentioned that UNDP had for many years recognized the special needs of IDCs and the disadvantages they faced in their development efforts. As a result, the UNDP Governing Council had already, during the fourth programming cycle, approved supplementary points for IDCs in their IPF allocation. He mentioned further that IDCs had access to the Special Measures resources and to inter-country programming funds. In the Pacific and the Caribbean region, multi-island IPFs had been created.

37. The representative of the United Nations Industrial Development Organization (UNIDO) noted that UNIDO did not help the IDCs as a special group of countries but that it assisted them within the framework of several special programmes such as the industrial development decade for Africa, industrial development co-operation among developing countries, integration of women in industrial development, the special programme for industrial development for Asia and the Pacific, regional industrial development co-operation for Latin America and the Caribbean and special programmes for the Arab countries. He further pointed out that those programmes covered such areas as industrial planning, boat building, repair and maintenance, water pumps, small hydro-power plants, pharmaceutical products, small- and medium-scale industries etc. He also mentioned specific examples of UNIDO's assistance to some of the IDCs such as Sao Tome and Principe, Cape Verde, Seychelles, Tonga, Kiribati, Fiji, Montserrat and Trinidad and Tobago.

Chapter II

CHALLENGES AND OPPORTUNITIES: A STRATEGIC FRAMEWORK

38. The meeting recalled that in the declaration of the eighteenth special session of the General Assembly, adopted by consensus, it was noted that substantial concessional resources will be called for to enable developing countries, especially the least developed countries (LDCs), to cope with the challenges of the 1990s. In this context, it was agreed that the special development problems and needs of island developing countries (IDCs) should also be addressed.

39. IDCs, a number of which are LDCs, can experience specific problems and thus have special needs. IDCs suffer handicaps arising from the interplay of such factors as their smallness, remoteness, geographical dispersion, vulnerability to natural disasters, the fragility of their ecosystems, constraints in transport and communications, great distances from market centres, a highly limited internal market, lack of natural resources, weak indigenous technological capacity, the acute problem of obtaining fresh water supplies, heavy dependence on imports and a small number of commodities, depletion of non-renewable resources, migration, particularly of personnel with high-level skills, shortage of administrative personnel and heavy financial burdens.

40. A number of common features, whether constituting problems or opportunities, are intrinsic to many IDCs. These problems require a strengthened partnership between the IDCs concerned and the international donor community. International support remains essential in order that those countries can pursue opportunities for sustainable economic development. This will require the adoption of suitable policies at the national level, and financial and technical assistance from donor countries and organizations, so that policies are conceived, formulated and implemented most effectively. The experience and expertise of international and regional organizations in these areas should be actively sought.

41. The strategy for addressing the vulnerabilities of IDCs should be based upon enhanced economic management at the national, regional and international levels. Planning mechanisms, particularly in IDCs, must be strengthened, but donors, too, should take full account of the particular constraints that each IDC faces as a result of limitations, including small bureaucracies and limited technical expertise. Efforts to enhance co-ordination mechanisms should be encouraged.

42. Comprehensive development plans remain a key tool for the identification of activities which might assist each IDC to overcome its vulnerabilities and to maximize those comparative advantages it might enjoy. Development plans should explicitly identify and prioritize such activities. They should also be based upon an integrated approach to the development process, including consideration of such areas as human resource development, infrastructure needs, resource exploitation and diversification of the productive base. The long-term costs and benefits of each activity should be addressed and a strong effort needs to be made to ensure that environmental considerations are taken fully into account in development activities.

43. The development of human resources and of institutional infrastructure, as well as the creation of improved transport and physical infrastructures, will be particularly important for many IDCs. For example, training programmes should take account of present and future skill requirements and the impact of migration. Policies which might facilitate the recruitment and retention of skilled nationals should be fully investigated. The problems of unemployment and underemployment - which can be particularly acute for IDCs undergoing structural adjustment programmes - should receive early attention. Furthermore, particular attention should be paid to the potential role of computerization and user-friendly technology and information systems.

44. As the development of IDCs rests critically on the quality and cost of their transport and physical infrastructures, programmes in these areas should be guided by what constitutes the most appropriate combinations of air, sea and land transport services and telecommunications networks. Particular attention needs to be given to appropriate technology and the recurrent cost implications of new systems. Efforts should also be made to strengthen IDCs' technological capacity and improve the environment for technological development, adaptation and acquisition.

45. Where applicable, additional resources should be applied, which may be derived nationally or through bilateral or multilateral channels, to areas where IDCs might enjoy a comparative advantage. Such areas may include tourism, agriculture and fisheries. In pursuing opportunities in any of these areas, a thorough assessment of the impact on the environment, society and economy of each IDC should be undertaken. Carefully planned and implemented projects in such fields offer good prospects for increasing IDCs' self-reliance.

46. Opportunities for trade and export growth are essential for the development of IDCs. At the national level, IDCs should improve mechanisms and institutions dealing with production and marketing. Assistance should be provided in identifying and attracting investment, both domestic and foreign, and in the identification of markets for products and services. Activities which might improve the climate for investment and trade should be identified and actively pursued. Arrangements which enhance the trading opportunities for IDCs (among others) can play a significant stabilizing role. Moreover, special market arrangements under such agreements as the Lomé IV Convention and the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) and arrangements such as the Caribbean Basin Initiative and CARIBCAN, play a helpful role. When formulating such schemes, the special needs of IDCs should be fully taken into account.

47. Environmental protection and conservation measures are essential elements of the development process. The needs for development should be balanced with the fragility of insular ecosystems and policies should be developed which provide the maximum protection for the environment. Programmes to enhance capabilities in the area of environmental impact assessment as well as measures which foster the rehabilitation of areas damaged by past resource exploitation should be promoted and supported.

48. Given the vulnerability of many IDCs to natural disasters, special attention at the national, regional and international levels should be accorded to disaster preparedness and management and the adoption of policies

and measures which might mitigate the impact of future disasters. These might include civil engineering and emergency communication techniques, the application of appropriate building codes and monitoring and research to improve disaster forecasting capabilities.

49. Regional co-operation has provided a useful means by which most IDCs can grapple with the constraints and opportunities in particular regions. Such co-operation should be encouraged and intensified. Among the areas in which such collaborative endeavour might be beneficial are resource exploitation; protection and policing of coastlines and exclusive economic zones; trade and export promotion; agricultural research; environmental protection; and prevention of illicit trafficking in and abuse of narcotic drugs and psychotropic substances; reducing the unit cost of administration; the mobilization of technical and financial resources; and the development and sharing of human resources. Regional and international organizations, including financial institutions, can play a particularly important role in these and other co-operative efforts.

50. Given the limited prospects for the development of most IDCs without assistance from the international community, efforts should be made to ensure that within resource limitations donor countries and organizations remain responsive to their needs. International support, including concessional assistance, should be provided over a longer time-frame given the debt problems of some IDCs, weak institutional structures and low levels of human resource development. Interim assistance programmes for IDCs as well as terms and conditions of official development assistance need to be flexible given the special vulnerability of many of these countries. Assistance procedures should be simplified in recognition of the limited institutional capacity of almost all IDC Governments to handle heavy administrative burdens.

51. In response to the perspective that existing measures, particularly GNP per capita, are not necessarily appropriate yardsticks for the particular circumstances of many IDCs, efforts should be made to derive additional analyses for IDCs which would take account of their overall situation and their development potential. The donor community should also fully acknowledge and support the efforts of IDCs themselves to address the constraints they face.

52. Measures, taken at the national and international levels, to assist many IDCs will require continued analysis and monitoring of progress by UNCTAD in full co-operation and co-ordination with the appropriate international agencies, especially the relevant regional institutions. UNCTAD should also be requested to disseminate information on the particular problems faced by IDCs in the different regions. Among the studies which UNCTAD could be requested to undertake, particular consideration should be given to topics such as:

- A periodic review of socio-economic performance of IDCs, highlighting the factors that have led to success and shortcomings;

- Review of appropriate indicators of social and economic progress which take into account not only the level of GNP but also other factors that relate to the high vulnerability of IDCs;

- The implications of environmental questions such as global warming, sea-level rise and climate change;

- Update of the transport situation, particularly shipping;

- The role of migration;

- Policies and measures which might mitigate the impact of natural disasters;

- Human resource development;

- Policies and measures facilitating joint ventures and other forms of trade and economic co-operation to enhance the effective exploitation of IDCs' natural and other resources;

- Assistance to IDCs in their preparation for the international development strategies for the fourth United Nations development decade.

53. In order to facilitate a review of developments in respect of IDCs, UNCTAD should convene periodic meetings of governmental experts and donors and organizations. The next such meeting should be held within four years.

Chapter III

PROCEEDINGS OF THE CLOSING PLENARY MEETING

A. Action by the Meeting

54. The Meeting adopted by consensus the "Challenges and Opportunities: A Strategic Framework" (see chapter II above), presented by the Chairperson, as well as the report in its entirety.

B. Closing statements

55. The Chairperson said that the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations had during the past week held fruitful deliberations in a co-operative spirit. She thanked all delegations for the efforts they had made to reach a balanced document by consensus. In concluding, she expressed the hope that the document would form the basis for future follow-up action.

56. The Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries stated that UNCTAD would do its best to play its role in ensuring an effective implementation of the recommendations of the meeting. He also said that every effort would be made to keep the delegations to the United Nations both in Geneva and New York informed about the progress of work on behalf of the IDCs.

57. The representative of Jamaica commended the Chairperson for her skillful leadership in conducting this important meeting. He also thanked all other delegations for their useful contributions which had led to the successful adoption of a balanced consensus report.

58. The representative of France noted that the report was balanced in that it reflected adequately the diversity of IDCs with respect to their assets and constraints as well as the viewpoints of the IDCs and donors. She said that the text of the Chairperson was in line with General Assembly resolutions 41/163 and 43/189, which dealt with measures in favour of IDCs that related to their respective problems. She said furthermore that these were reflected in the Lomé IV Convention. She pointed out therefore that this did not call for a new grouping. Finally, she expressed the concern that the range of studies proposed in the report was extensive. In her delegation's view, these studies did not take into consideration the priorities of the member States of UNCTAD - in respect to the whole question of LDCs - and the limited resources of UNCTAD secretariat. Her delegation reserved the right to express further views in the Trade and Development Board of UNCTAD and in the General Assembly.

59. The representative of Norway lauded the work of the meeting and hoped that the report would be a useful basis for future action in favour of the IDCs.

60. The representative of Trinidad and Tobago also appreciated the excellent work of the Chair, which had contributed greatly to enabling the meeting to adopt a balanced consensus document. He was grateful for the flexibility of the donors in their deliberations at this Meeting. In concluding, he thanked the delegations of other developing countries for their solidarity.

61. The representatives of Malta, Mauritius and Vanuatu also commended the excellent work by the Chairperson in directing the work of the Meeting and in the results achieved.

Chapter IV

ORGANIZATIONAL MATTERS

(a) Opening of the Meeting

62. The Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations was opened on 25 June 1990 by the Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries on behalf of the Secretary-General of UNCTAD.

(b) Election of officers

(Agenda item 1)

63. At its 1st plenary meeting, on 25 June 1990, the Meeting elected its Bureau as follows:

Chairperson: Dame Ann Hercus (New Zealand)

Vice-Chairman-cum-Rapporteur: Mr. Charles Fleming (Saint Lucia).

(c) Adoption of the agenda and organization of work

(Agenda item 2)

64. At its 1st plenary meeting, the Meeting adopted the provisional agenda drawn up by the UNCTAD secretariat (TD/B/AC.46/1 and Corr.1), as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of the problems of island developing countries.
4. Proposals for appropriate concrete action with respect to island developing countries.
5. Other business.
6. Adoption of the report of the Meeting.

(d) Attendance

65. The following States were represented at the Meeting: Antigua and Barbuda; Australia; Bahamas; Bahrain; Barbados; Canada; Cape Verde; Fiji; France; Germany, Federal Republic of; Grenada; Haiti; Iceland; Indonesia; Jamaica; Japan; Maldives; Malta; Mauritius; Nauru; New Zealand; Norway; Papua New Guinea; Philippines; Saint Kitts and Nevis; Saint Lucia; Seychelles; Solomon Islands; Sweden; Trinidad and Tobago; Tuvalu; Union of Soviet Socialist Republics; United States of America; Vanuatu.

66. The following participated as observers: Bangladesh; Benin; Bolivia; China; Nepal; Republic of Korea; Turks and Caicos Islands; United Republic of Tanzania.

67. The Department of International Economic and Social Affairs; Department of Technical Co-operation for Development; Economic Commission for Latin America and the Caribbean; United Nations Development Programme were represented at the Meeting.

68. The following specialized agencies were represented at the Meeting: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; World Bank; International Monetary Fund; International Maritime Organization, United Nations Industrial Development Organization.

69. The following intergovernmental organizations were represented at the Meeting: Caribbean Community; Commonwealth Secretariat; Organization of American States.

(e) Adoption of the report of the Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations

70. At the closing meeting on 29 June 1990, the Rapporteur, introducing the draft report of the Meeting (TD/B/AC.46/L.1, Add.1-3) stated that it reflected the proceedings of the plenary meetings and the Chair's text TD/B/AC.46/CRP.1.

71. At the same meeting the Meeting adopted the draft report in its entirety with a number of amendments and authorized the Rapporteur to complete the final text as appropriate.

Annex

CHECKLIST OF DOCUMENTS

TD/B/AC.46/1 and Corr.1	Provisional agenda
TD/B/AC.46/2	Problems of island developing countries and proposals for appropriate action Issues for consideration: Note prepared by the UNCTAD secretariat
TD/B/AC.46/3 and addenda	Contributions from United Nations Organizations and other relevant intergovernmental organizations

Background documentation

UNCTAD/RDP/LDC/31	"Intrinsic disabilities of island developing countries", by Lloyd Searwar, UNCTAD Consultant
UNCTAD/RDP/LDC/32	"The problems of inter-island transport", by A.D. Couper, UNCTAD Consultant
UNCTAD/RDP/LDC/33	"Improving public sector performance of island developing countries through modern information technology", by Morgens D. Romer, UNCTAD Consultant

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